

Message Text

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ACTION ARA-10

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C O N F I D E N T I A L SECTION 1 OF 2 CARACAS 11724

E.O. 11652: GDS

TAGS: PFOR EGEN VE PN

SUBJECT: REMARKS BY PRESIDENT PEREZ ON INTERNATIONAL ISSUES

BEGIN UNCLASSIFIED:

SUMMARY: PRESIDENT PEREZ TOLD VISITING U.S. NEWSMEN ON NOV 8 THAT VENEZUELA'S RELATIONS WITH THE U.S. ARE BASED ON "FRIENDSHIP AND RESPECT" WITH NO DESIRE FOR CONFRONTATION BUT WITH VENEZUELA TAKING ITS RIGHTFUL PLACE IN THE DECISION MAKING PROCESS. HE WARNED THAT FAILURE TO RETURN SOVEREIGNTY OVER THE CANAL TO PANAMA IN 1976 COULD CHANGE THE ENTIRE RELATIONSHIP BETWEEN LATIN AMERICA AND THE U.S. BUT ADMITTED THAT HIS EARLIER CHARGES IN HIS INTERVIEW WITH CARL ROWAN THAT THE U.S. WAS PREPARING FOR HOSTILITIES IN PANAMA WERE BASED UPON MISLEADING "INTERNATIONAL NEWS REPORTS." PEREZ BELIEVED THAT A FAIR SOLUTION TO THE CANAL PROBLEM WOULD BE A GREAT TRIUMPH FOR U.S. DEMOCRACY AND PREVENT THE SPREAD OF COMMUNISM. HE ALSO COMMENTED ON OPEC, OIL COMPANIES, AND BELIZE. (THE LATTER TOPIC WILL BE COVERED IN A SEPTTEL.) END SUMMARY

1. ON NOV 8, VENEZUELAN PRESIDENT CARLOS ANDRES PEREZ ENTERTAINED 30 US AND CANADIAN NEWSMEN AT HIS RESIDENCE. HE SPOKE FREELY TO THE NEWSMEN DURING A LENGTHY PRESS CONFERENCE AND LATER INFORMALLY

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AT THE DINNER WHICH HE GAVE IN THEIR HONOR. HE COVERED A WIDE RANGE

OF TOPICS AND ANSWERED THE VISITOR'S QUESTIONS FRANKLY FOR MORE THAN FOUR HOURS. HIGHLIGHTS FOLLOW.

2. INVITATION TO PRESIDENT FORD: IN RESPONSE TO A JOURNALIST'S QUERY PEREZ SAID THAT HIS NATION WOULD BE "SATISFIED AND HONORED" WITH A VISIT BY PRESIDENT FORD. "BUT YOU KNOW THAT SUCH VISITS HAVE TO HAVE A PARTICULAR REASON," HE CONTINUED. "IF YOU WOULD LIKE TO SERVE AS THE EMISSARIES OF AN INVITATION TO PRESIDENT FORD TO COME HERE, PLEASE DO SO."

3. US-VENEZUELAN RELATIONS: PRESIDENT PEREZ SAID THAT RELATIONS WITH THE US "HAD ALWAYS BEEN SATISFACTORY" AND HE SAW NO SPECIAL REASON FOR DISTURBANCE NOW, BUT THERE DID EXIST PROBLEMS OF A BILATERAL AND A WORLD-WIDE NATURE. "WE WOULD LIKE TO KEEP OUR RELATIONS WITH THE US IN GOOD SHAPE BUT THEY MUST NOW BE CONSIDERED IN THE CONTEXT OF THE NEW WORLD REALITY. VENEZUELA IS A MEMBER OF THE THIRD WORLD GROUP, OF THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC), AND OF LATIN AMERICA. WE ARE USING DIRECT AND CLEAR LANGUAGE TO EXPRESS OUR DETERMINATION TO TAKE OUR RIGHTFUL PLACE IN THE DECISION-MAKING PROCESS FROM WHICH WE HAVE BEEN EXCLUDED IN THE PAST."

4. PANAMA: PEREZ SAID THAT "IT COULD ALTER THE ENTIRE RELATIONSHIP OF LATIN AMERICA AND THE US IF A SOLUTION IS NOT FOUND TO RETURN THE SOVEREIGNTY OF THE CANAL ZONE TO PANAMA." PEREZ SAID FEW IN THE US UNDERSTOOD THE PROBLEM. IMAGINE, HE SAID, IF THE U.S. WERE DIVIDED IN TWO BY A FOREIGN POWER CONTROLLING THE BANKS OF THE MISSISSIPPI RIVER. EVERTIME AN AMERICAN WANTED TO CROSS FROM ONE SIDE TO THE OTHER, HE WOULD HAVE TO GET PERMISSION FROM THE FOREIGN POWER, WHICH HAD ITS OWN LAWS, ITS OWN COURTS, ITS OWN TAXES (SIC). "THIS IS A VERY GRAVE SITUATION," HE WENT ON. "IT HAS ITS HISTORICAL EXPLANATION BUT NOW, IN 1975, A FEW MONTHS BEFORE THE AMERICAN BICENTENNIAL, IT IS INCONCEIVABLE THAT THE U.S. SHOULD HANG ON TO THIS COLONIAL POSITION. WE ALL KNOW AND AGREE THAT THE CANAL IS VITAL TO U.S. NATIONAL SECURITY AND THAT IT MUST ASSURE THE DEFENSE OF THE CANAL. PANAMA DOESNT' OPPOSE THIS. THAT CAN BE WORKED OUT. BUT HOW CAN A NATION, WHICH IS SUPPOSED TO BE THE LEADER OF WORLD DEMOCRACY, CONTINUE TO INTERVENE IN ANOTHER NATION OF THIS HEMISPHERE?" PEREZ SAID HE HAD BEEN MISLED BY ERRONEOUS CONFIDENTIAL

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"INTERNATIONAL NEWS REPORTS" WHEN HE CHARGED RECENTLY THAT THE US WAS REINFORCING ITS TROOPS IN PANAMA. ASKED IF THE US SURRENDERED THE CANAL ZONE, WOULD NOT ITS POWER THERE BE REPLACED BY THE COMMUNISTS, EVEN IN INDIRECT FORM, THE PRESIDENT REPLIED "QUITE THE CONTRARY. IT WOULD BE A GREAT TRIUMPH FOR US DEMOCRACY AND A TRIBUTE TO THE FOUNDERS OF THE FREE NATION IN ITS BICENTINNIAL YEAR "IF THE CANAL ZONE PROBLEM WERE SOLVED WITH JUSTICE AND THE DANGER OF FRUSTRATION OR THE BETRAYAL OF DEMOCRATIC PRINCIPLES

WAS AVOIDED. "IT IS THE STRATEGY OF THE COMMUNISTS TO SHOW THAT THE DEMOCRACIES ARE PERFIDIOUS, THAT THEY DONT' MEAN WHAT THEY SAY. WE ARE NOT TAKEN IN HERE BY THIS, BUT THE WORST THING THE U.S. COULD DO WOULD BE TO SEPARATE ITS WORDS FROM ITS DEEDS," THE PRESIDENT CONCLUDED.

5. THIRD WORLD POWER: PEREZ STATED, "THE THIRD WORLD TODAY IS A POWER. LATIN AMERICA WANTS TO BE TREATED AS A COMMUNITY OF NATIONS. OPEC SEEKS, THROUGH ITS DIRECT INTERVENTION IN THE MARKET, A DIALOGUE WITH THE INDUSTRIAL NATIONS TO ESTABLISH A NEW WORLD ECONOMIC ORDER. IT IS HERE THAT WE FIND DIVERGENCES OF OPINION, BUT YOU SHOULD NOTE THAT THESE DIFFERENCES ARE EXPRESSED WITH SINCERITY AND WITHIN THE FRAMEWORK OF FRIENDSHIP AND RESPECT WHICH THE U.S. DESERVES NOT ONLY FROM VENEZUELA BUT WITHIN THE CONTEXT OF OUR ORGANIZATION OF AMERICAN STATES SYSTEM. CAN YOU UNDERSTAND THAT WE WISH TO BE FRANK BUT DO NOT WISH TO GIVE INJURY?" HE CONTINUED. "AS A MEMBER OF THE LATIN AMERICAN COMMUNITY OR OPEC, WE HAVE NO FEELING OF HOSTILITY, NO DESIRE FOR CONFRONTATION WITH THE GREAT COUNTRY WHOSE FRIENDSHIP WE DESIRE AND NEED."

6. OPEC: ASKED WHETHER THERE WAS NOT A POSSIBLE CONFLICT IN VENEZUELA'S STATED DESIRE TO AID THE DEVELOPMENT OF THIRD WORLD COUNTRIES AND ITS MEMBERSHIP IN OPEC, WHICH HAS BROUGHT ABOUT HIGHER OIL PRICES FOR POOR COUNTRIES, PRESIDENT PEREZ DENIED THAT THERE WAS ANY POSSIBILITY OF DIVERGENCE BETWEEN OPEC AND THE THIRD WORLD. "YOU MUST UNDERSTAND THAT THE THIRD WORLD IS A REALITY, NOT FICTION. WE HAVE A COMMON LANGUAGE AND A CLEAR UNDERSTANDING OF OUR COMMON OBJECTIVES," HE SAID. PEREZ RECALLED THAT AT THE OPEC SUMMIT MEETING IN ALGIERS IN FEB, REPRESENTATIVES FROM THE GROUP OF 77 APPEARED AT THE MEETING TO EXPRESS FULL SOLIDARITY WITH OPEC. "WE ARE NOT BEING SELFISH AND JUST SEEKING TO OBTAIN MORE WEALTH FOR OURSELVES," HE EXPLAINED. "FOR THE FIRST TIME THE PRODUCT OF A THIRD WORLD

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GROUP IS NOT BEING MANIPULATED BY THE INDUSTRIAL NATIONS, BUT BY US."

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7. ASKED IF VENEZUELA WILL USE OIL AS A POLITICAL WEAPON, HE REPLIED THAT FORTUNATELY THE WORLD WAS MOVING TOWARD UNDERSTANDING AND COMPROMISE AND CITED THE IMPORTANCE OF THE HELSINKI CONFERENCE BECAUSE IT REVEALED THE PEACEFUL OREINTATION OF THE GREAT POWERS. OIL, HE SAID, IS AN INSTRUMENT FOR DIALOGUE. THE GOV USES IT AT THE CONFERENCE TABLE, NOT TO RETAILIATE OR HARM BUT TO OBTAIN THE STABLE PRICES FOR RAW MATERIALS WHICH ARE NEEDED TO ACHIEVE EQUILIBRIUM IN TERMS OF THE COST OF IMPORTS OF GOODS AND TECHNOLOGY. "THIS HAS ALL LED TO THE SECOND CONFERENCE OF PARIS, WHICH WILL BE HELD IN DEC. I SEE OUR HOPES BECOMING A REALITY IN THIS MEETING. IF, HOWEVER, WE FAIL TO REACH AGREEMENT THERE BETWEEN THE PRODUCING STATES AND THE INDUSTRIAL NATIONS AND THE PRICE ESCALATION CONTINUES, I BELIEVE THAT WE WILL BE APPROACHING A WORLD CATASTROPHE WHICH NOBODY WANTS," HE WARNED.

8. OIL COMPANIES: ASKED WHAT WOULD HAVE BEEN THE STATE OF THE OIL INDUSTRY HERE WITHOUT THE FOREIGN CORPORATIONS, PEREZ SAID, "I AM OBJECTIVE. I AM NOT SWAYED BY IDEOLOGICAL PREJUDICES. I DO PROFESS WHOLE-HEARTEDLY, THE DEMOCRATIC IDEOLOGY, BUT I AM NOT MOVED BY THE PROPAGANDA OF THOSE WHO SEEK TO UNDERMINE THE SYSTEM. THE COMPANIES ARE NEITHER GOOD NOR BAD. THEY ARE AN EXPRESSION OF MODERN TECHNOLOGY AND MANAGEMENT. THEY HAVE BECOME A GREAT POWER IN THE CONFIDENTIAL

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WORLD BECAUSE THEY ARE NEEDED BY BOTH THE POOR AND RICH NATIONS." THE EFFICIENCY OF THE OIL INDUSTRY IN VENEZUELA TODAY, HE STATED "IS DUE TO THE EXTRAORDINARY CAPACITY OF THE MULTINATIONAL CORPORATIONS TO MANAGE A COMPLEX INDUSTRY. WHEN WE MADE THE POLITICAL DECISION HERE TO NATIONALIZE THE OIL INDUSTRY, THEREFORE, WE DID NOT COMMIT THE ERROR OF THINKING THAT WE COULD DO WITHOUT THE COMPANIES. IN THE PROCESS OF NATIONALIZATION, WE ARE WORKING

OUT THE FORM AND MANNER OF ASSOCIATING THE COMPANIES WITH THE STATE ENTERPRISE IN BOTH THE PRODUCTION AND REFINING OF OIL."

9. POLITICS AND OIL: ASKED HOW HIS GOVT WOULD GUARD AGAINST THE POLITICIZING OF THE STATE-OWNED OIL INDUSTRY, PRESIDENT PEREZ SAID IT WOULD BE THE "UNSHAKEABLE PURPOSE" OF HIS GOVT TO DO SO. HE SAID THAT HE HAD SELECTED THE BEST TALENT AVAILABLE FROM THE PRIVATE SECTOR TO RUN PETROVEN, WHILE THE OPERATING COMPANIES WOULD BE RUN BY THE SAME DIRECTORS WHO HAD BEEN IN CHARGE ALL ALONG. FOREIGN DIRECTORS, HOWEVER, WILL BE EXCLUDED. "WE WILL KEEP THE PHILOSOPHY OF THE PRIVATE COMPANIES AND TRY TO EXTEND IT TO THE OTHER STATE COMPANIES," HE SAID. ASKED HOW THE VISITING EDITORS COULD EXPLAIN TO THEIR READERS WHY THEY WERE PAYING 60 CENTS PER GALLON FOR GASOLINE WHILE VENEZUELAN PAY ONLY 20 CENTS, PEREZ ANSWERED, "HOW DO YOU EXPLAIN THE FACT THAT WE HAVE TO PAY DOUBLE THE PRICE FOR AN IMPORTED TRACTOR FROM ONE YEAR TO THE NEXT? THESE ARE THE BASIC PROBLEMS OF THE WORLD TODAY AND WHY THE FORTHCOMING PARIS CONFERENCE IS SO IMPORTANT. YES, THE PRICE OF OIL IS TOO LOW IN VENEZUELA, BUT IT IS THE ONLY PRODUCT THAT IS CHEAP TO THE CONSUMER."

10. FUTURE OF DEMOCRACY: "WE ARE UNITED BY THE DEMOCRATIC IDEAL." PEREZ SAID. "WE WANT TO BE HELPED BY THE US, BY CANADA, AND BY THE GREAT DEMOCRACIES OF EUROPE IN OUR ECONOMIC DEVELOPMENT. BUT, ABOVE ALL, WE NEED YOUR SPIRITUAL HELP. DEMOCRACY IS OUR MOST PRIZED POSSESSION. THIS SHOULD BE TRUE THROUGHOUT LATIN AMERICA. HERE, ON THIS CONTINENT, WE HAVE MANY DE FACTO GOVTS TODAY. I DO NOT WANT TO CHARACTERIZE THEM, BUT NO MATTER HOW GOOD THEY MAY BE, THEY CONSTITUTE A THREAT SOONER OR LATER TO THE INDIVIDUAL LIBERTY AND PEACEFUL EVOLUTION OF ALL OUR PEOPLES. "BELIEVE ME WHEN I SAY WE NEED THE UNDERSTANDING AND THE ENCOURAGEMENT OF THE US AND THE OTHER GREAT COUNTRIES OF THE WEST TO STIMULATE OUR DEMOCRACY HERE AND IN THE LATIN AMERICAN COUNTRIES. PLEASE UNDERSTAND THIS. AND HELP YOUR READERS TO UNDERSTAND IT."

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11. COMMENT: PEREZ'S RETRACTION OF HIS EARLIER CHARGES OF POSSIBLE US INTERVENTION IN PANAMA WAS ENCOURAGING AND MAY INDICATE THAT FOREIGN MINISTER ESCOBAR SALOM CONVEYED TO HIM US CONCERN THAT HIS STRONG LANGUAGE ON THE CANAL ISSUE MIGHT HINDER PROGRESS TOWARD A NEW TREATY (CARACAS 11580). ALSO NOTEWORTHY WERE PEREZ'S EFFUSIVE FRIENDLINESS TOWARDS THE JOURNALISTS AND THE GOV ROLE IN ARRANGING THEIR VISIT, WHICH REFLECTED PEREZ'S APPARENTLY STRONG DESIRE TO IMPROVE HIS OWN AND VENEZUELA'S IMAGE IN THE US. PEREZ'S MARATHON SESSION WITH VISITING US JOURNALISTS WAS ONLY THE TIP OF THE ICEBERG. THOUGH THE VISIT OF THE JOURNALISTS WAS SPONSORED PUBLICLY BY THE NORTH AMERICAN ASSOCIATION, IN FACT, THE GOV PAID FOR INTERNATIONAL TRAVEL AND ALL COSTS FOR THE GROUP IN VENEZUELA. THE MINISTER OF INFORMATION TOLD THE AMBASSADOR RECENTLY THAT

AT HIS REQUEST THE NORTH AMERICAN ASSOCIATION HAD AGREED TO
DOUBLE THE SIZE OF THE GROUP FROM 15 TO 30.

12. NOTEWORTHY THROUGH THE LONG EVENING WERE PEREZ'S CONSTANT
REFERENCES TO DEMOCRACY AS THE GREAT SHARED LINK BETWEEN VENEZUELA
AND THE UNITED STATES AND ITS FUNDAMENTAL IMPORTANCE IN US/VENEZUELAN
RELATIONS. TOWARD THE END OF THE PARTY, HE ASKED WHERE THE AMERICAN
AMBASSADOR WAS, SAYING THAT "HE SHOULD HAVE BEEN INVITED." HE
CONTINUED THAT HE AND AMBASSADOR SHLAUDEMANN WORKED CLOSELY AND
COOPERATIVELY TO STRENGTHEN AND IMPROVE RELATIONS BETWEEN THE TWO
COUNTRIES. OTHER AMBASSADORS, PEREZ CONTINUED, MEET FORMALLY
WITH HIM AT MIRAFLORES PALACE, BUT "I INVITE AMBASSADOR SHLAUDEMANN
OVER HERE TO MY HOUSE FOR LONG INFORMAL TALKS AT BREAKFASTS OR
LUNCH WHEN WE HAVE THINGS TO DISCUSS." END COMMENT.
SHLAUDEMANN

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